

EXHIBIT 1

INTRODUCTION

Respondent Norman Eckenrode has been a councilman for the City of Placentia (the “City”) since 1978. In 2003, Respondent Eckenrode ran unsuccessfully for a seat on the Orange County Water District (the “Water District”). This matter involves a campaign contribution Respondent Eckenrode received for his 2003 campaign for a seat on the Water District.

As a councilman, Respondent Eckenrode was an appointed member of the Orange County Sanitation District¹ (the “Sanitation District”). As a member of the Sanitation District, Respondent Eckenrode is subject to the conflict of interest provisions of the Political Reform Act (the “Act”),² including the provisions of section 84308. This section imposes limitations on the receipt of campaign contributions, and prescribes disclosure and disqualification requirements for members of appointed boards and commissions who make decisions with respect to licenses, permits, or other entitlements for use.

Respondent Eckenrode violated section 84308, subdivision (b) by accepting a contribution of more than \$250 from a party to two proceedings involving a license, permit, or other entitlement for use, before the Sanitation District, within three months following the date final decisions were rendered in those proceedings.

For the purposes of this Stipulation, Respondent’s violations of the act are stated as follows:

COUNT 1: On October 29, 2003, Respondent Eckenrode accepted a \$1,000 campaign contribution from Camp, Dresser, and McKee, a party to a proceeding involving a \$305,550 contract increase before the Orange County Sanitation District, within three months following the date final decisions were rendered in the proceeding in violation of section 84308, subdivision (b).

COUNT 2: On October 29, 2003, Respondent Eckenrode accepted a \$1,000 campaign contribution from Camp, Dresser, and McKee, a party to a proceeding involving a \$3,197,522 agreement before the Orange County Sanitation District, within three months following the date final decisions were rendered in the proceeding in violation of section 84308, subdivision (b).

SUMMARY OF THE LAW

1 The Sanitation district is involved with wastewater, water reclamation, and watershed protection issues.

2 The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

Section 84308 deals specifically with members of appointed boards or commissions who make decisions in proceedings that involve licenses, permits, or other entitlements for use, and the receipt of campaign contributions from persons involved in those proceedings. Although the receipt of campaign contributions is not a basis for disqualification under the conflict-of-interest provisions found in sections 87100 et seq., under section 84308 there are restrictions in the amount and timing of contributions, which can trigger disclosure and disqualification requirements.

Section 84308, subdivision (b) prohibits solicitation or acceptance of campaign contributions of more than \$250 from certain persons during proceedings which involve licenses, permits, or other entitlements for use, or for three months after the final decision. Subdivision (b) states in part:

“No officer of an agency shall accept, solicit, or direct a contribution of more than two hundred fifty dollars (\$250) from any party, or his or her agent, or from any participant, or his or her agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for three months following the date a final decision is rendered in the proceeding if the officer knows or has reason to know that the participant has a financial interest [in the decision].”

Section 84308, subdivision (a) sets forth various definitions of specific terms used in the above prohibitory statutes. A *party* means any person who files an application for, or is the subject of, a proceeding involving a license, permit, or other entitlement for use. A *participant* means any person who is not a party but who actively supports or opposes a particular decision in a proceeding involving a license, permit, or other entitlement for use and who has a financial interest in the decision.

Pursuant to regulation 18438.3, a person is an *agent* of a party to, or a participant in, a proceeding involving a license, permit, or other entitlement for use, only if he or she represents that person in connection with the proceeding involving the license, permit, or other entitlement for use.

Under section 84308, subdivision (a)(3), *Agency* means an agency as defined in Section 82003, except the courts or any agency in the judicial branch of government, local governmental agencies whose members are directly elected by the voters, the Legislature, the Board of Equalization, or constitutional officers. However, this section applies to any person who is a member of an exempted agency but is acting as a voting member of another agency. An *officer* is defined in section 84308, subdivision (a)(4) as any elected or appointed officer of an agency, and any candidate for elective office.

Under section 84308, subdivision (a)(5), “*License, permit, or other entitlement for use*” means all business, professional, trade and land use licenses and permits and all other entitlements

for use, including all entitlements for land use, all contracts (other than competitively bid, labor, or personal employment contracts), and all franchises. Pursuant to regulation 18438.2, subdivision (a), a “*proceeding involving a license, permit or other entitlement for use*” includes any proceeding to grant, deny, revoke, restrict, or modify a license, permit or other entitlement for use.

SUMMARY OF THE FACTS

COUNT 1

At the Sanitation District’s October 22, 2003 meeting, Respondent Eckenrode voted to approve the \$305,550 increase to CDM’s existing contract to design a groundwater replenishment system. On its consent calendar, the Sanitation District approved CDM’s contract increase.

On October 29, 2003, within three months following the date the Sanitation District approved the \$305,550 increase to CDM’s contract, Respondent Eckenrode accepted a \$1,000 contribution for his Water District campaign from CDM, in violation of section 84308, subdivision (b).

COUNT 2

At the Sanitation District’s October 22, 2003 meeting, Respondent Eckenrode voted in favor of a \$3,197,522 agreement with CDM for engineering services related to an overhaul of the Sanitation District’s odor control facilities. On its consent calendar, the Sanitation District approved the agreement with CDM.

On October 29, 2003, within three months following the date the Sanitation District approved the \$3,197,522 agreement with CDM, Respondent Eckenrode accepted a \$1,000 contribution for his Water District campaign from CDM, in violation of section 84308, subdivision (b).

Conclusion

This matter consists of two counts of violating the Act and carries a maximum administrative penalty of \$5,000 per violation for a total of \$10,000.

Accepting a contribution of more than \$250 from a party to a proceeding within three months of a final decision to approve a contract with that party is a serious violation of the Act as it gives the appearance of biased decision-making. Respondent Eckenrode is an experienced public official who should have been aware of the conflict of interest requirements for members of appointed boards and commissions found in section 84308.

There are three factors in aggravation in this matter: (1) Respondent Eckenrode reported the \$1,000 contribution from CDM on a semi-annual campaign statement filed on March 22,

2004, nearly two months after the January 31, 2004 filing deadline; (2) When he first reported the contribution on March 22, 2004, Respondent Eckenrode incorrectly stated he received CDM's \$1,000 contribution on February 12, 2004, more than three months after his votes on the CDM contracts. The three month time frame is significant because, if CDM actually made the \$1,000 contribution to Respondent Eckenrode on February 12, 2004, Respondent Eckenrode would not have violated section 84308, subdivision (b); and (3) Respondent Eckenrode did not file an amended semi-annual statement (which accurately stated that he received CDM's contribution on October 29, 2003) until April 7, 2004, which was two days after the *Los Angeles Times* published an article (on April 5, 2004) about his relationship with CDM.

In mitigation, Respondent Eckenrode properly disclosed CDM's contribution in his amended semi-annual statement, which made it possible for the public to see Respondent Eckenrode's relationship with CDM before the November 2004 election (which Respondent Eckenrode lost). Also, Respondent Eckenrode returned CDM's \$1,000 campaign contribution to CDM on April 6, 2004.

This matter consists of two counts, which carry a maximum possible penalty of \$10,000. The facts of this case justify the imposition of a total administrative penalty of \$6,500.